

Message Text

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EB/IFD/ODF:RASWART

NEA/IAI:VUNNOWIC(INFO)

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TO AMEMBASSY TEL AVIV

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E.O. 11652: N/A

TAGS: APUB, IS

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO NEGEV PHOSPHATES,
LTD.

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEAE ON THE DIRECT CREDIT OF \$16,085,000 TO
NEGEV PHOSPHATES, LTD., OF BEERSHEVA, ISRAEL. RELEASE IS
SCHEDULE FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M.
PAPERS, THURSDAY, AUGUST 14, 1975.

QUOTE: EXIMBANK CREDIT OF \$16,085,000 SUPPORTS \$35,743,648 SALE
OF U.S. EQUIPMENT FOR PHOSPHATE PLANT FOR ISRAELI COMPANY

THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF \$16,085,000 IN FAVOR
OF NEGEV PHOSPHATES, LTD., OF BEERSHEVA, ISRAEL, TO HELP FINANCE
A \$35,743,648 SALE OF U.S. GOODS AND SERVICES REQUIRED FORA
PHOSPHATE BENEFICATION PLANT.

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NEGEV PHOSPHATES WAS ESTABLISHED IN 1951 TO DEVELOP THE PHOSPHATE BEDS

IN THE NEGEV DESERT. THE CURRENT PROJECT IS FOR CONSTRUCTION OF A 2 MILLION MT/YR. WET-PROCESS PHOSPHATE PLANT AN NAHEL ZIN. THE PHOSPHATE PLANT AND RELATED LOADING EQUIPMENT ARE PART OF AN OVERALL EXPANSION PROGRAM INCLUDING RAIL LINES AND PORT FACILITIES, WITH A TOTAL ESTIMATED COST OF NEARLY \$94 MILLION. STEARNS-ROGER OF DENVER, COLORADO, WILL ACT AS CONSULTING ENGINEERS AND PROJECT MANAGER.

U.S. PURCHASES WILL INCLUDE EARTH-MOVING EQUIPMENT, CRUSHERS, SCREENS, COMPRESSORS, CLASSIFIERS, FLUID BED DRIERS, CONVEYORS, INSTRUMENTATION, AND ENGINEERING SERVICES.

EXIMBANK'S FINANCIAL SAPPORT FOR THIS TRANSACTION WILL GENERATE EMPLOYMENT IN MANY LOCALITIES OF THE U.S. AS A LARGE NUMBER OF SUPPLIERS OF THE COMPONENTS WILL BE FURNISHING THE QUIPMENT. ABOUT 80 PERCENT OF PHOSPHATE ROCK IS USED FOR THE MANUFACTURE OF FERTILIZERS AND WESTERN AND EASTERN EUROPEAN COUNTRIES ARE THE CHIEF MARKETS FOR ISRAEL.

THE EXIMBANK'S CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALE. A CREDIT OF \$16,085,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS, OF WHICH \$10,723,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. NEGEV PHOSPHATES WILL MAKE CASH PAYMENT OF 10 PERCENT OF THE U.S. COSTS, REPRESENTING THE BALANCE.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE RATE OF 8 PERCENT PER ANNUM. THIS RATE, COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES, RESULTS IN AN ESTIMATED ANNUAL INTEREST COST TO THE BORROWER OF 8.3 PERCENT TO 8.55 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING JANUARY 15, 1977, WITH EXIMBANK' \$843:5 :43\$85 59 ?3 430-8\$ 975 9* 5#3)- 5 8 INSTALLMENTS. REPAYMENT OF THE EXIMBANK'S CREDIT AND THAT PORTION OF THE CREDIT FROM PRIVATE SOURCES WHICH IS GUARANTEED BY EXIMBANK WILL BE GUARANTEED BY THE STATE OF ISRAEL.

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